for activities such as laundering and report promptly unusual transactions to their Head Offices for taking up with tax authorities.

4. Banks should have a written investment policy outlining the essential features of investment portfolio management. They should also review their existing systems and procedures.

5. Banks should lay down a written loan policy as a strong foundation for loan portfolio management.

6. To prevent frauds in advances portfolio, banks should bestow adequate attention to overcome the shortcoming by imparting requisite/need-based training to staff.

7. Banks should establish an independent loan review department both at Head Office and Zonal Office/Regional Office levels.

8. Banks should tone up their control and security procedures so as to Guard against frauds in computer related areas.

9. Banks should tone up the efficacy of their inspection and audit machinery for timely detection of irregularities malpractices and frauds.

10. Proper control systems need to be introduced to govern the working of subsidiaries so as to ensure that activities prohibited for banks to engage in, are not undertaken by the subsidiaries.

11. In order to be effective, CVOs need to work independently without pressures from the top management and be given adequate statutory powers to carry out preliminary investigations/build up cases and thereafter hand them over to the appropriate law enforcement authorities. The Banks should also evolve systems to ensure that subsidiaries established for different purposes are brought under the purview of appropriate vigilance machinery.

12. There should be effective co-ordination between different investigating agencies-vigilance department of banks, CBI and Police. Periodical meetings among the RBI, CVC, CBI and Banking Division may also be held.

Setting up of banks in private sector

48. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received any proposal from financial institutions in private sector requesting permission to set up banks; and

(b) if so, the details thereof and what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) The Reserve Bank of India has reported that it has received 17 applications from financial institutions in the private sector to set up banks in the private sector. Out of these, licences have been issued to four applicants while four applications, have been rejected. Remaining nine applications are at various stages of processing.

RBI's directions to banks

49. SHRI K. M. KHAN:
SHRI SANJAY DALMIA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government and RBI have directed banks not to debit interest to the loan accounts which are classified as non-performing assets;

(b) if so, the method followed for bringing into account the liability of borrowers in respect of unapplied interest; and

(c) the amount of interest due but not taken into account by each of the Public Sector banks during the last three years.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Reserve Bank of India (RBI) has reported that it has advised the banks not to charge and take into income account the interest on non-performing assets. However, the Banks are free to debit the interest to the borrowers' account and credit it to a suspense account. RBI has further intimated that as and when the amount of interest is realised, the Banks can debit the suspense account and credit it to the income account.

(c) RBI has intimated that its present data monitoring system does not yield that information as asked for by the Hon'ble Members.

Entrepreneur provided with Bank Loans in Andhra Pradesh

50. SHRI T. VENKATRAM REDDY: Will the Minister of FINANCE be pleased to state:

(a) the number of entrepreneurs in Andhra Pradesh provided with bank loans during the last three years, district-wise; and

(b) the district-wise number of educated unemployed persons whose names had been recommended by the District Industries Centres but the loans have not been sanctioned to them so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) The information is being collected and to the extent available will be laid on the Table of the House.

Dearness allowance

51. DR. RANBIR SINGH:
SHRI RAM NATH KOVIND:

Will the Minister of PLANNING be pleased to state:

(a) whether an instalment of D.A. has become due to the Central Government employees;

(b) if so, since when and at what rate;

(c) whether Government propose to merge a part of DA with basic pay as Dearness pay; and

(d) if so, what are the details thereof and if not, what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) and (b) As per the existing formula relating to grant of Dearness Allowance to Central Government employees, based on the recommendations of the Fourth Central Pay Commission, additional instalments of Dearness Allowance become due from 1st January and 1st July every year on the basis of percentage increase in the 12 monthly everage of All India Consumer Price Index for Industrial workers (General) (1960-=100) over the base index of 608, to which the existing scales of pay effective from 1-1-1986 are related. The instalment due from 1st January normally becomes payable with the salary for month of March, paid in April.

(c) and (d) On the basis of a mutual agreement between Official Side and Staff Side of the National Council (JCM), orders have already been issued for treatment of Dearness Allowance equal to 20 per cent of basic pay as Dearness Pay for the purpose of death-cum-retirement gratuity alone in respect of Central Government employees retiring on or after 16-9-1993.